

# Conference Call on Q1 2015

Business Development, Financials & Outlook 2015

7 May 2015

# Q1

INTERIM REPORT  
JANUARY TO MARCH 2015



# Highlights Q1 2015

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## “BUSINESS AS USUAL”

### SOLID FINANCIAL FIGURES, BUT STRONG DECREASE COMPARED WITH AN UNUSUALLY GOOD Q1 2014:

- ◆ EUR 7.5m operating EBT  
(-53% due to missing of a high-margin major acquisition fee comparable with that from the Leo I transaction last year)
- ◆ EUR 3.6m EBT (IFRS, -73%)
- ◆ EUR 2.9m net profit for the period (-76%)
- ◆ Cash and cash equivalents rose by EUR 15m up to EUR 160.8m;
- ◆ Bank loans decreased by 28% to EUR 88.2m
- ◆ Equity ratio increased to 57.8% (31 Dec. 2014: 55.3%)

### EVENTS HAVING HAPPENED AFTER THE END OF THE REPORTING PERIOD

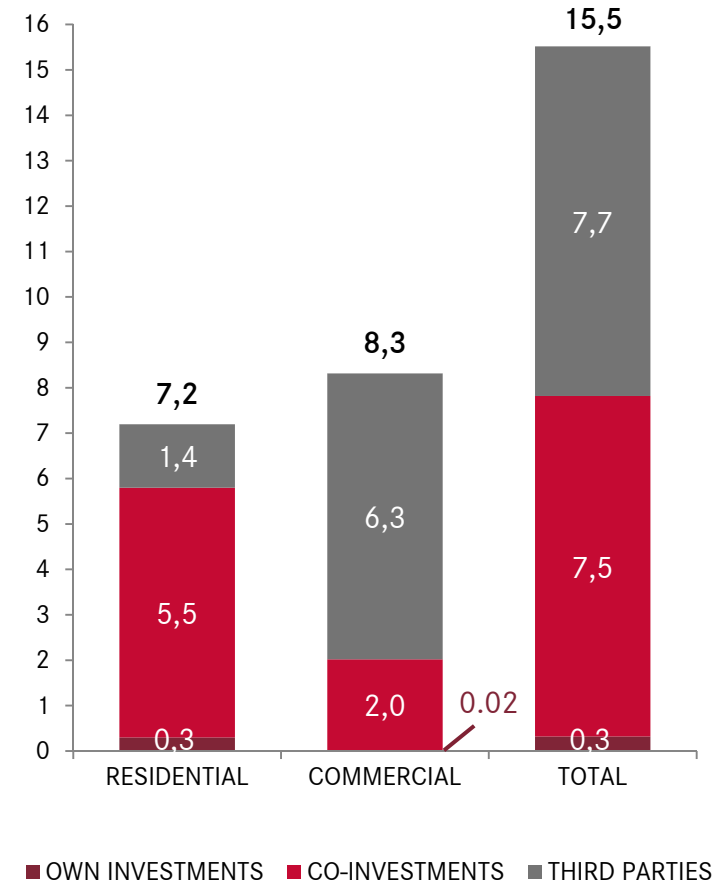
- ◆ Establishment of a subsidiary for Spain and Portugal
- ◆ Acquisition of a residential apartment building in Dublin with 62 units as part of the WohnModul I
- ◆ Take over of the second tranche of the NL-portfolio (also part of the WohnModul I)
- ◆ Increase of voluntary public offer price for the Norwegian and Swedish companies that hold all shares in a real estate fund, which holds residential property portfolios

# Assets under Management

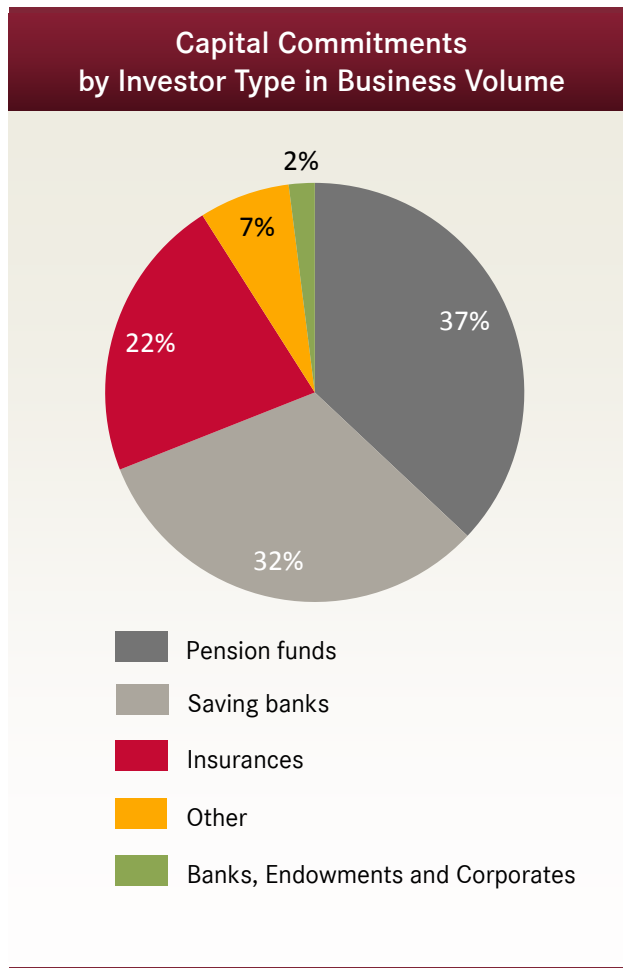
## AUM ROSE BY 6% TO EUR 15.5BN

- ◆ 50% of AuM managed on behalf of third parties without PATRIZIA equity involvement
- ◆ 28% or EUR 4.3bn outside Germany
- ◆ Biggest deals in Q1 2015:
  - ◆ “Basket”: supermarket portfolio with 107 retail properties (EUR 286m)
  - ◆ GLL Labelfonds (EUR 330m)
- ◆ Approx. EUR 80m gains from currency translation

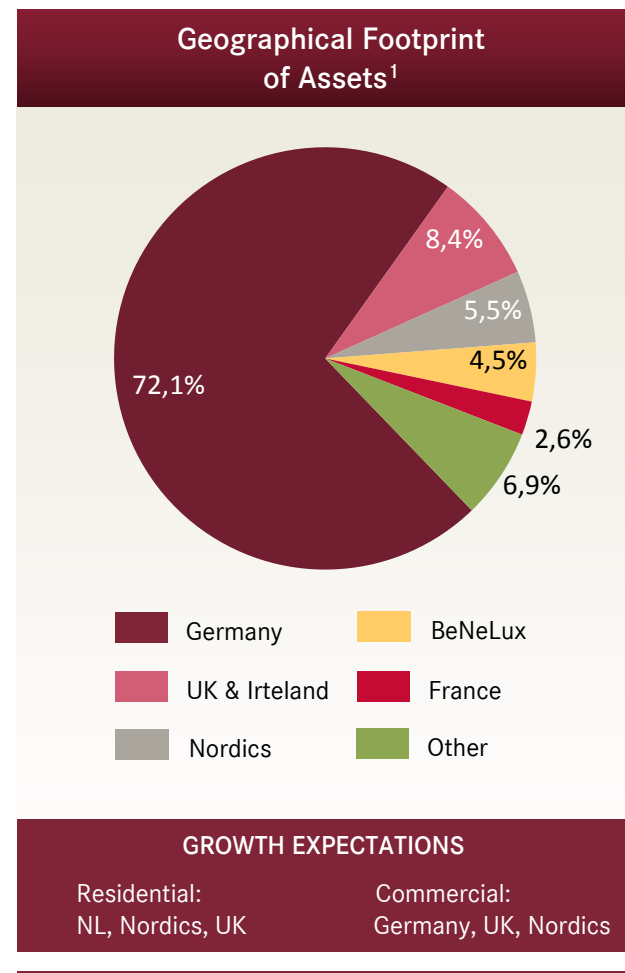
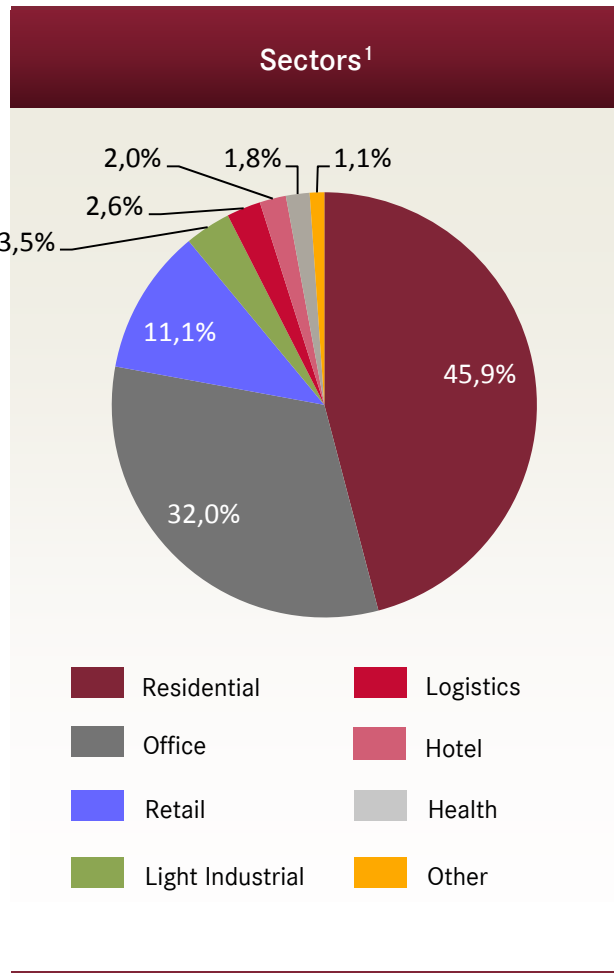
ASSETS UNDER MANAGEMENT (IN EUR BILLION)



# Asset Allocation of Funds and Co-Investments



# Asset Allocation of PATRIZIA, Funds and Co-Investments



As of 31 March 2015

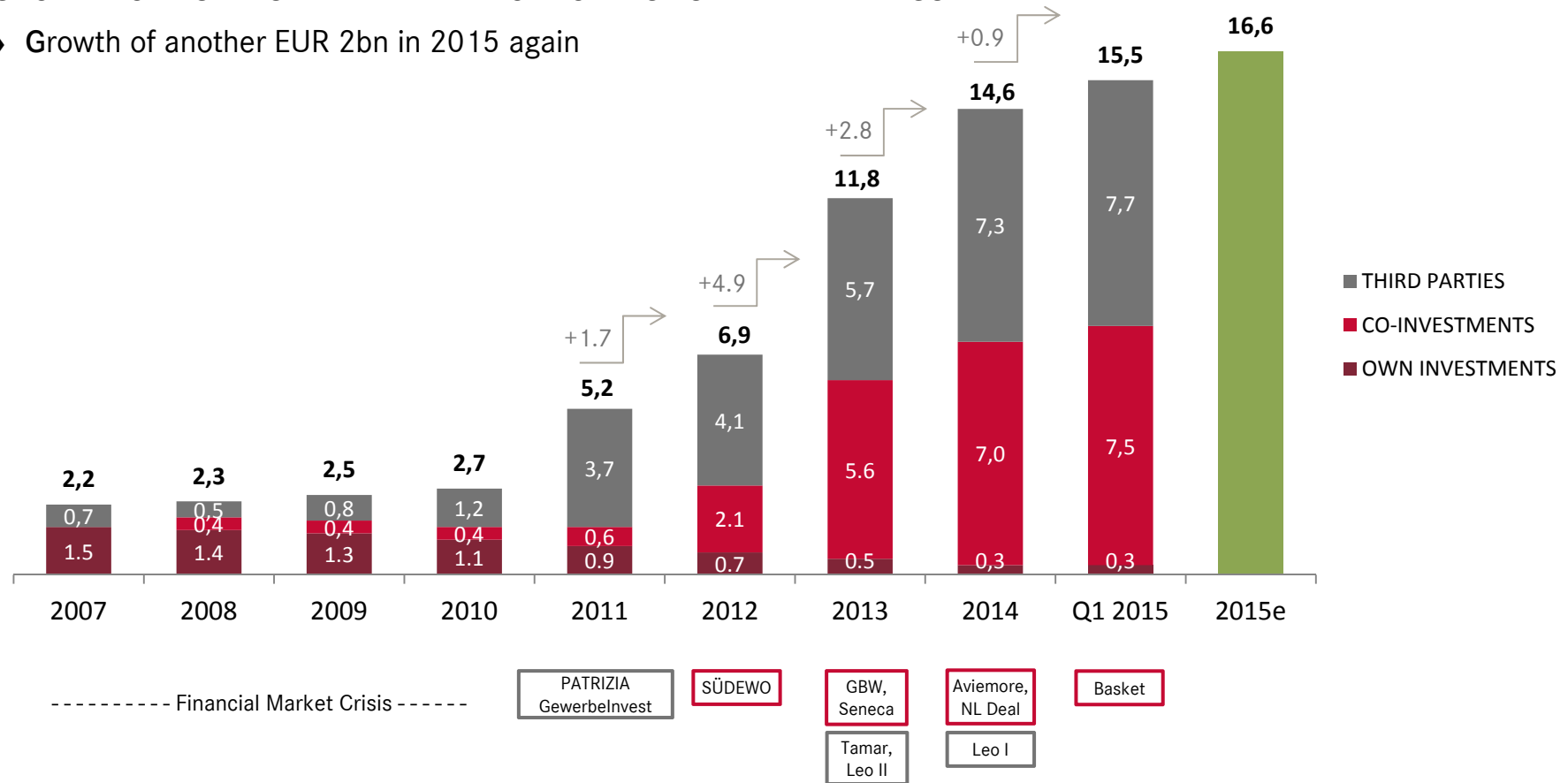
<sup>2</sup> This diagram may be subject to discrepancies due to rounding differences

# Growth of PATRIZIA since 2007

## DEVELOPMENT OF ASSETS UNDER MANAGEMENT (IN EUR BILLION)

### GROWTH OF AUM AS MAIN DRIVER TO INCREASE STABLE EARNINGS

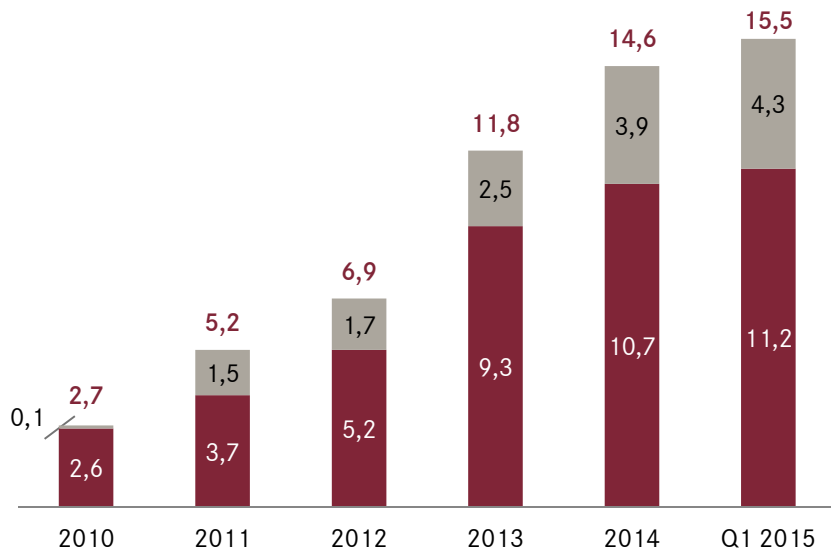
◆ Growth of another EUR 2bn in 2015 again



# Assets under Management and Staff in Germany and Abroad

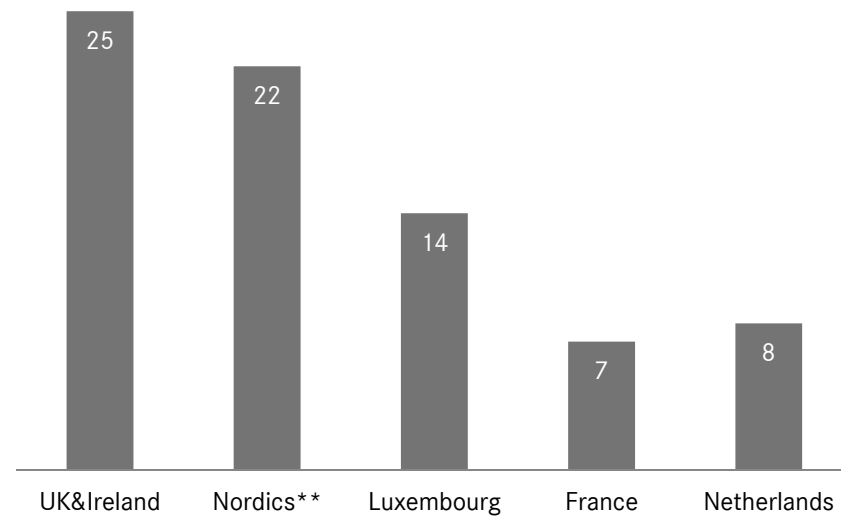
## INCREASING ASSETS UNDER MANAGEMENT REQUIRE TO STRENGTHEN LOCAL TEAMS

in EUR billion



Germany  
 International

International Employees by Country excl. Germany\*



\* Germany: 725, incl. 37 trainees

\*\* Nordics: Denmark (18), Finland (3), Sweden (1)

## Own Portfolio / Consolidated Real Estate

- ◆ Further decrease by 169 units to 908 units left
- ◆ Approx. 150 units should be left at year's end 2015, that implies another 760 units to be sold

REGION/ CITY	UNITS 31.03.15	SHARE	UNITS 31.12.14	SHARE	UNITS 31.12.07	SHARE
Cologne/Düsseldorf	428	47.1%	460	42.5%	1,627	12.4%
Hamburg	199	21.9%	254	23.5%	1,418	10.8%
Munich	144	15.9%	215	19.9%	5,652	43.1%
Frankfurt/Main	132	14.5%	146	13.5%	951	7.2%
Berlin	5	0.6%	6	0.6%	903	6.9%
Leipzig	0	0%	0	0%	981	7.5%
Hanover	0	0%	0	0%	444	3.4%
Dresden	0	0%	0	0%	561	4.3%
Regensburg	0	0%	0	0%	473	3.6%
Friedrichshafen	0	0%	0	0%	117	0.9%
<b>TOTAL</b>	<b>908</b>	<b>100%</b>	<b>1,081</b>	<b>100%</b>	<b>13,127</b>	<b>100%</b>



# PATRIZIA Capital Allocation

## RELEASED EQUITY FROM PROPRIETARY INVESTMENTS WILL BE USED FOR ATTRACTIVE NEW CO-INVESTMENTS

IN EUR MILLION, AS OF 31.03.2015	ASSETS UNDER MANAGEMENT	INVESTMENT CAPITAL	PARTICIPATION IN %
<b>OPERATING COMPANIES</b>	-	48.9	100
<b>OWN INVESTMENTS</b>	254	151.0	100
<b>CO-INVESTMENTS</b>	7,498	186.9	
<b>RESIDENTIAL</b>	5,806	144.3	
GBW GmbH	2,773	54.9	5.1
Süddeutsche Wohnen GmbH	1,610	14.9	2.5
WohnModul I SICAV-FIS	1,379	70.4	10.1
Others	44	4.1	10.0
<b>COMMERCIAL GERMANY</b>	547	18.7	
PATRoffice	303	7.8	6.3
sono west	58	6.0	30.0
Seneca (formerly DEIKON)	186	4.9	5.1
<b>COMMERCIAL INTERNATIONAL</b>	1,145	23.9	
Aviemore Topco (UK)	70	13.0	10.0
Citruz Holdings LP (UK)	345	4.3	10.0
Plymouth Sound Holdings LP (UK)	593	2.4	10.0
Winnersh Holdings LP (UK)	137	4.2	5.0
<b>THIRD PARTIES</b>	7,747	-	0
<b>TIED INVESTMENT CAPITAL</b>	15,499	386.8	-
Bank balances and cash	-	103.6	-
<b>TOTAL INVESTMENT CAPITAL</b>	15,499	490.4	
thereof borrowed capital (bonded loans)	-	77.0	-
thereof PATRIZIA equity	-	413.4	-

# Third Party Business

- ◆ Another EUR 300 million equity were secured from German investors for a new fund “PATRIZIA Gewerbeimmobilien Deutschland II”
- ◆ Initial properties are already being inspected
- ◆ Target volume of EUR 600 million

EUR MILLION	TARGET VOLUME		EQUITY COMMITTED		ASSETS UNDER MANAGEMENT		NUMBER OF FUNDS	
	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014	31.03.2015	31.12.2014
PATRIZIA WohnInvest KVG	2,026	2,026	1,102	1,102	1,028 <sup>1</sup>	975 <sup>1</sup>	7	7
PATRIZIA GewerbeInvest KVG	8,844	8,744	4,593	4,442	6,046	5,642	18	17
Pool Funds	5,273	5,273	2,571	2,485	3,574	3,528	9	9
Individual Funds	1,571	1,471	900	856	586	553	7	6
Label Funds	2,000	2,000	1,122	1,101	1,886	1,561	2	2
PATRIZIA Real Estate Investment Management S.à r.l. (REIM)	169	169	85	85	169	169	1	1
<b>TOTAL</b>	<b>11,039</b>	<b>10,939</b>	<b>5,780</b>	<b>5,629</b>	<b>7,243</b>	<b>6,786</b>	<b>26</b>	<b>25</b>

<sup>1</sup> Excludes real estate developments secured under purchase contracts

# Income Structure – Service Business

## IT IS NOT ALL ABOUT GROWTH – SUSTAINABLE BUSINESS MODEL MATTERS

### FEE SPLIT



### SPLIT OF REVENUES OUT OF THE SERVICE BUSINESS

	Q1 2015	SHARE	Q1 2014	SHARE	CHANGE	2014	SHARE
<b>Split by fee structure</b>	<b>28,413</b>	<b>100%</b>	<b>29,780</b>	<b>100%</b>	<b>-4.6%</b>	<b>106,285</b>	<b>100%</b>
Recurrent management fees	15,755	55%	10,762	36.1%	46.4%	51,298	48%
Acquisition/sale and performance fees	12,658	45%	19,018	63.9%	-33.4%	54,987	52%
<b>Split by level of participation</b>	<b>28,413</b>	<b>100%</b>	<b>29,780</b>	<b>100%</b>	<b>-4.6%</b>	<b>106,285</b>	<b>100%</b>
Co-Investments	13,588	48%	4,562	15.3%	197.9%	38,467	36%
Third parties	14,825	52%	25,218	84.7%	-41.2%	67,818	64%

## Sources of Income\* – Service Business

Fee structure	Fee discription	Fees	Q1 2015	Q1 2014	2014
Acquisition Fee	Remuneration for providing investment opportunities	Fixed percentage of the purchase costs of single assets or portfolios at the time of acquisition	EUR 8.1m	EUR 16.6m	EUR 34.5m
Sales Fee	Remuneration for selling properties via single unit sales or block sales	Fixed percentage of the proceeds/sales price when an asset is sold (notarised)	EUR 4.5m	EUR 2.4m	EUR 17.7m
Performance Fee	Incentive to perform better than contracted	Fixed percentage of earnings above the defined target yield according to the underlying business plan of each fund or co-investment	EUR 0	EUR 0	EUR 2.7m
<b>TOTAL TRANSACTION AND PERFORMANCE FEES</b>			<b>EUR 12.7</b>	<b>EUR 19.0m</b>	<b>EUR 55.0m</b>
Asset, Fund and Portfolio Management Fee	Remuneration for managing assets, funds and portfolios	Fixed percentage of investment volume (fair value)	EUR 12.4m	EUR 8.3m	EUR 40.6m
Others	Property Management	Fixed amount of euros unit for residential; fixed percentage of net annual rental income for commercial;	EUR 3.3m	EUR 2.5m	EUR 10.7xm
	RE Development	Fixed percentage of intended sales price			
<b>TOTAL MANAGEMENT FEES</b>			<b>EUR 15.7</b>	<b>EUR 10.8m</b>	<b>EUR 51.3m</b>
<b>TOTAL FEES</b>			<b>EUR 28.4m</b>	<b>EUR 29.8m</b>	<b>EUR 106.3m</b>

\* All mentioned fees are shown in the Revenues item

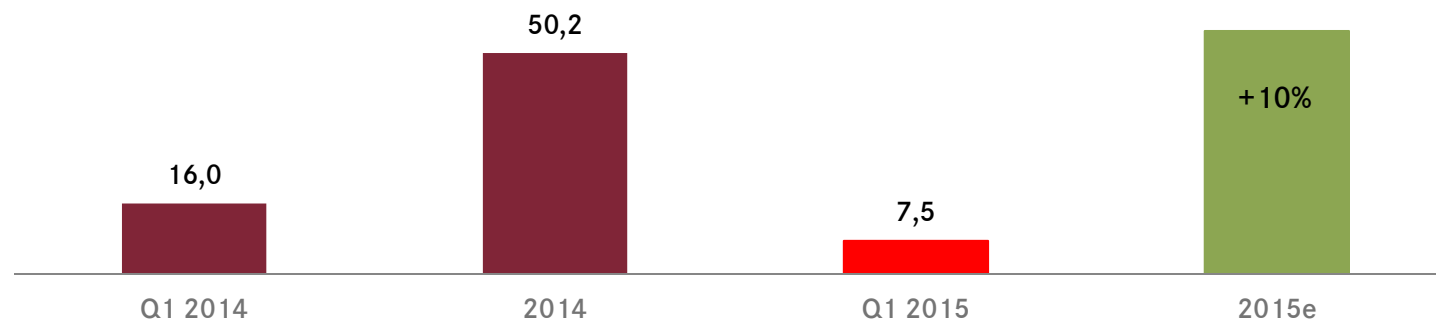
# Operating Result

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## OPERATING RESULT DROPPED 53% YEAR-ON-YEAR

- ◆ Q1 2014: EUR 7.5m vs. Q1 2014: 16.0m
- ◆ Principally due to the absence of a purchase fee comparable to that for the Leo I transaction, which could not be compensated by revenues with lower margins
- ◆ Atypical fall in the proportion of the result attributable to the Management Services segment to only 34% (Q1 2014: 74%; 2014: 72%) – should reach 80% for the whole FY

in EUR million

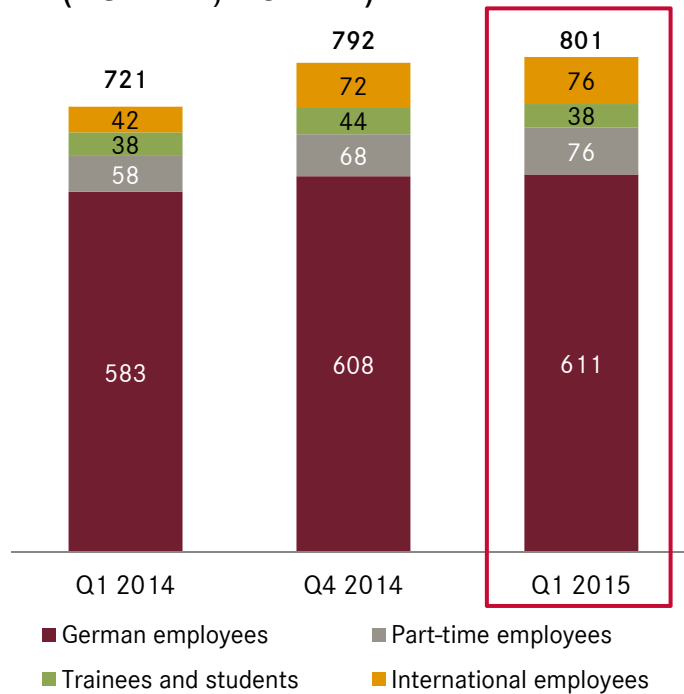


# Staff Costs

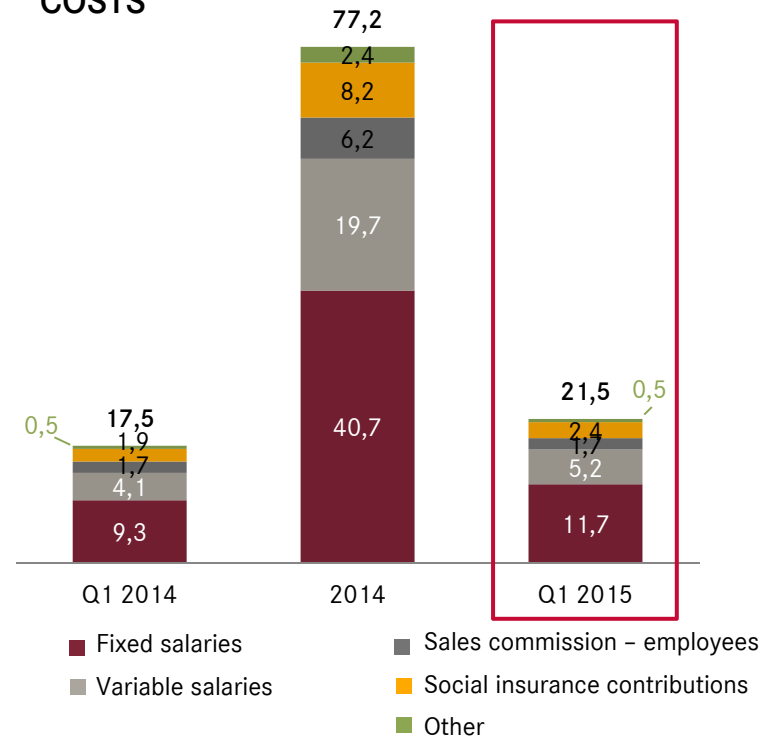
## INCREASE IN STAFF COSTS BY 22.7% TO EUR 21.5M

- ◆ Due to new appointments (+11% FTE y-o-y) and salary adjustments in line with market trends

STAFF (NUMBER, NOT FTE)



COSTS



# Participations

## INVESTMENT RESULT AS GROWTH TRIGGER

### INCOME FROM PARTICIPATIONS

EUR million	Q1 2015	Q1 2014	2014
<b>SÜDEWO</b>			
Asset Management Fee	1.8	1.8	7.3
<b>Total SÜDEWO</b>	<b>1.8</b>	<b>1.8</b>	<b>14.6*</b>
<b>GBW (2013 pro rata temporis)</b>			
Asset Management Fee	2.4	2.4	9.5
Dividend (guaranteed dividend of 6% since 2014)	0.8	0.0	3.2
<b>Total GBW</b>	<b>3.2</b>	<b>2.4</b>	<b>24.1*</b>
<b>Income from participations</b>	<b>5.0</b>	<b>4.2</b>	<b>39.1*</b>

### EARNINGS FROM COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD

EUR million	Q1 2015	Q1 2014	2014
<b>WohnModul I</b>			
<b>Earnings from companies accounted for using the equity method</b>	<b>0.7</b>	<b>0.8</b>	<b>3.2</b>

\* incl. performance fees and dividend payments that are usually not posted until the final quarter of a FY

# P&L

EUR'000	Q1 2015	Q1 2014	+/- in %	2014
	01.01.-31.03.2015	01.01.-31.03.2014		01.01.-31.12.2014
Revenues	47,282	47,048	0.5%	291,815
Income from the sale of investment property	1,586	3,445	-54.0%	17,019
Changes in inventories	-7,679	3,684	-308.4%	-110,509
Other operating income	1,134	1,224	-7.4%	7,143
<b>Total operating performance</b>	<b>42,323</b>	<b>55,401</b>	<b>-23.6%</b>	<b>205,468</b>
Cost of materials	-6,993	-14,790	-52.7%	-54,455
Cost of purchased services	-4,850	-2,468	96.5%	-9,990
Staff costs	-21,528	-17,543	22.7%	-77,239
Results from fair value adjustments to investment property	0	0	-	51
Other operating expenses	-9,361	-8,433	11.0%	-50,193
<b>EBITDA</b>	<b>-409</b>	<b>12,167</b>	<b>-103.4%</b>	<b>13,642</b>
Amortisation of intangible assets and depreciation on property, plant and equipment	-1,600	-1,584	1.0%	-6,940
<b>Earnings before finance income and income taxes (EBIT)</b>	<b>-2,009</b>	<b>10,583</b>	<b>-119.0%</b>	<b>6,702</b>
Income from participations	4,991	4,166	19.8%	39,062
Earnings from companies accounted for using the equity method	684	784	-12.8%	3,182
Finance income	275	2,422	-88.6%	4,413
Finance cost	-1,482	-4,875	-69.6%	-11,912
Gains/losses from currency translation	1,154	91	1168.1%	551
<b>Earnings before income taxes (EBT)</b>	<b>3,613</b>	<b>13,171</b>	<b>-72.6%</b>	<b>41,998</b>
Income tax	-763	-1,131	-32.5%	-6,978
<b>Net profit for the period</b>	<b>2,850</b>	<b>12,040</b>	<b>-76.3%</b>	<b>35,020</b>



# Balance Sheet

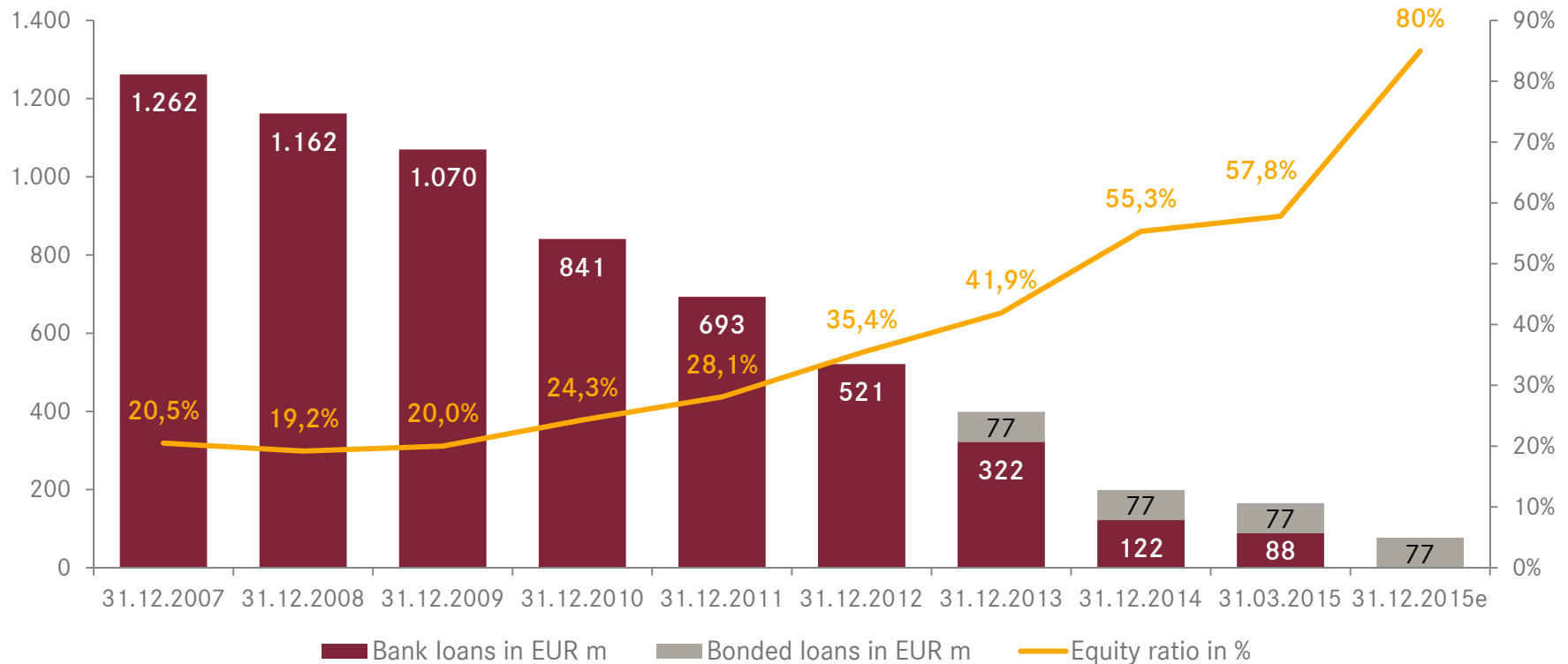
ASSETS		
EUR'000	31.03.2015	31.12.2014
<b>A. Non-current assets</b>		
Goodwill	610	610
Other intangible assets	38,915	39,407
Software	10,445	10,795
Investment property	63,057	78,507
Equipment	4,486	4,476
Participations in associated companies	70,448	68,497
Participations	97,569	96,555
Loans	5,686	5,281
Long-term tax assets	119	119
<b>Total non-current assets</b>	<b>291,335</b>	<b>304,247</b>
<b>B. Current assets</b>		
Inventories	191,015	198,694
Securities	64	86
Short-term tax assets	7,449	8,014
Current receivables and other current assets	64,453	84,774
Bank balances and cash	160,806	145,361
<b>Total current assets</b>	<b>423,787</b>	<b>436,929</b>
<b>Total assets</b>	<b>715,122</b>	<b>741,176</b>

EQUITY AND LIABILITIES		
EUR'000	31.03.2015	31.12.2014
<b>A. Equity</b>		
Share capital	69,385	69,385
Capital reserve	198,576	198,576
Retained earnings		
Legal reserves	505	505
Non-controlling shareholders	809	809
Currency translation difference	1,535	1,030
Consolidated unappropriated profit	142,593	139,743
<b>Total equity</b>	<b>413,403</b>	<b>410,048</b>
<b>B. Liabilities</b>		
Non-current liabilities		
Deferred tax liabilities	18,811	19,704
Retirement benefit obligations	630	630
Non-current liabilities	81,315	82,544
<b>Total non-current liabilities</b>	<b>100,756</b>	<b>102,878</b>
Current liabilities		
Short-term bank loans	88,211	121,950
Other provisions	2,260	2,142
Current liabilities	93,115	92,506
Tax liabilities	13,211	11,652
Other current liabilities	4,166	0
<b>Total current liabilities</b>	<b>200,963</b>	<b>228,250</b>
<b>Total equity and liabilities</b>	<b>715,122</b>	<b>741,176</b>

# Positive Development of the Financial Situation

## BANK LOANS VS. EQUITY RATIO

- ◆ Bank loans decreased by 28% to EUR 88.2m
- ◆ Repayments were boosted by payments received on purchase price receivables (with transfer of ownership, usage and encumbrances on 31 Dec. 2014). Current receivables also fell accordingly.



# Net Asset Value

## NAV / INVESTMENTS SEGMENT SHOULD REPRESENT ONLY 20% OF THE OPERATING RESULT FOR 2015

- ◆ **Investment property** and **inventories** were sold in Q1 2015 at a profit with a gross margin of **9.1%** and **20.9%** respectively, thus confirming the value retention of the properties
- ◆ The whole service business that should generate 80% of the operating result in 2015 is not reflected in the NAV calculation
- ◆ NAV can only serve as a component for determining corporate value in conjunction with the value of the services business
- ◆ After having sold our own stock, we will continue to disclose a “basis NAV” to determine the value of our participations and other assets

EUR'000	31.12.2011	31.12.2012	31.12.2013	31.12.2014	31.03.2015
Investment property (fair value) <sup>1</sup>	532,321	374,104	229,717	78,507	63,057
Investments in joint ventures	18	0	0	0	0
Participations in associated companies	6,809	15,810	18,295	68,497	70,448
Participations	3,134	18,407	80,074	96,555	97,569
Inventories (at cost) <sup>2</sup>	407,529	345,920	309,203	198,694	191,015
Current receivables and other current assets	48,735 <sup>3,4</sup>	92,013 <sup>3,4</sup>	82,262	84,774	64,453
Bank balances and cash	43,690 <sup>3</sup>	50,330 <sup>3</sup>	105,536	145,361	160,806
Less bonded loans	0	0	-77,000	-77,000	-77,000
Less current liabilities	-16,354 <sup>3,4</sup>	-25,876 <sup>3,4</sup>	-75,759	-92,506	-93,115
Less bank loans	-673,752 <sup>3</sup>	-521,054	-321,634	-121,950	-88,211
<b>Net Asset Value (NAV)</b>	<b>352,130</b>	<b>349,654</b>	<b>350,694</b>	<b>380,932</b>	<b>389,022</b>
Number of shares	52,130,000	57,343,000	63,077,300	69,385,030	69,385,030
<b>NAV per share</b>	<b>EUR 6.75</b>	<b>EUR 6.10</b>	<b>EUR 5.56</b>	<b>EUR 5.49</b>	<b>5.61 EUR</b>
Share price at the end of the year	EUR 3.43	EUR 6.46	EUR 7.67	EUR 12.19	EUR 16.69

<sup>1</sup> Fair market valuation; (gross) sales margin of the fiscal year Q1 2015: 9.1%,

<sup>2</sup> Valuation at amortised cost; (gross) sales margin of the fiscal year Q1 2015: 20.9%

<sup>3</sup> Figures excluding PATRIZIA GewerbeInvest KVG mbH, purchase loans eliminated (concerns 2011) and cash and cash equivalents increased by outflow of equity (concerns 2011 and 2012)

<sup>4</sup> Adjusted for non-property-specific items

# Outlook 2015

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## WE ARE ON TRACK

**WE CONFIRM OUR GIVEN FORECAST FOR 2015 TO INCREASE OPERATING RESULT BY APPROX. 10%**

- ◆ As usual, Q1 cannot be used as a basis to forecast the overall result for 2015
- ◆ Quarterly operating result will increase in the course of the year.  
Highest share is always contributed by Q4 due to performance-linked remunerations and dividend payments
- ◆ Business is picking up speed:  
We prepare further transactions, the deal pipeline is filled
- ◆ Growing AuM will reduce dependency on transactional income over time
- ◆ Acquisition of the Norwegian and Swedish company under a public offer will be the first new own investment since 2008
- ◆ New office in Madrid to cover the Iberian RE market

# Financial Calendar, Conferences and Roadshows

## 2015

May	7	➤ Interim report for the first quarter of 2015
	13	➤ Roadshow with Berenberg Bank, Lugano and Milan
	19	➤ Berenberg European Conference USA, New York
	20-21	➤ Commerzbank German Mid Cap Investment Conference, Boston and New York
	27	➤ Roadshow with Baader Bank, Paris
June	3	➤ Roadshow with Oddo Seydler Bank, London
	9	➤ Roadshow with Bankhaus Lampe, Hamburg
	11	➤ Roadshow with Bankhaus Lampe, Frankfurt
	25	➤ Annual General Meeting, Augsburg
July	2-3	➤ Roadshow with Bankhaus Lampe, Zurich, Basel and Bern
	7	➤ Roadshow with Seydler Bank AG, Brussels
August	6	➤ Interim report for the first half of 2015
	27	➤ Roadshow with Baader Bank, Vienna
September	21 - 22	➤ Berenberg & Goldman Sachs International – German Corporate Conference, Munich
	23 - 24	➤ Baader Investment Conference, Munich
November	12	➤ Interim report for the first nine months of 2015
	17-19	➤ Roadshow with Berenberg Bank, Amsterdam, Brussels and Paris
	26	➤ Roadshow with Bankhaus Lampe, Cologne and Düsseldorf
	30	➤ 13th Berenberg European Conference, London

The conference calls about the financial reports will usually be held at 3 pm CET. Invitations and dial-in numbers will be provided in advance.  
**To stay informed, take a look at our website [www.patrizia.ag](http://www.patrizia.ag)**

# Contact Details

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**ARWED FISCHER**  
CFO



PATRIZIA Immobilien AG  
PATRIZIA Bürohaus  
Fuggerstrasse 26  
86150 Augsburg

**MARGIT MILLER**  
HEAD OF IR



PATRIZIA Immobilien AG  
PATRIZIA Bürohaus  
Fuggerstrasse 26  
86150 Augsburg

T +49 821 50910-369  
F +49 821 50910-399  
M +49 151 16150285  
[margit.miller@patrizia.ag](mailto:margit.miller@patrizia.ag)  
[www.patrizia.ag](http://www.patrizia.ag)

**VERENA SCHOPP DE  
ALVARENGA**  
MANAGER IR



PATRIZIA Immobilien AG  
PATRIZIA Bürohaus  
Fuggerstrasse 26  
86150 Augsburg

T +49 821 50910-351  
F +49 821 50910-399  
M +49 151 65279782  
[verena.schoppdealvarenga@patrizia.ag](mailto:verena.schoppdealvarenga@patrizia.ag)  
[www.patrizia.ag](http://www.patrizia.ag)

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